Electro Cad Australia Pty Ltd & Ors v Mejati RCS Sdn Bhd & Ors

HIGH COURT (KUALA LUMPUR) — SUIT NO D2-22-737 OF 1995
KAMALANATHAN RATNAM J
10 JUNE 1998

Contract *— Breach — Confidentiality agreement — Application for specific performance of — Former director divulged confidential information and trade secret to defendants to manufacture similar product to compete with plaintiffs' product — Whether there was breach of confidential information — Whether information imparted prior to the execution of the confidentiality agreement was imparted under any obligation of confidence — Whether information must pass the patent test*

Tort *— Conspiracy — Predominant purpose — Whether need to specifically plead 'sole and/or predominant purpose' if conspiracy is based on unlawful acts — Whether there was conspiratorial grand design by defendants to usurp goodwill and business of the plaintiffs — Whether plaintiffs had suffered damage — Whether defendants conspired to injure the plaintiffs*

Tort *— Conversion — Confidential information — Whether confidential information falling within intellectual property should be accepted for the purposes of giving rise to an action in conversion — Whether there must be deprivation of use or possession of property before an action for conversion can emerge — Whether mere dealing with property in a way inconsistent with the rights of the owner is sufficient*

Trade Marks *— Passing off — Goodwill — Whether actual trading itself is crucial in order to create goodwill — Whether extensive advertising in a short time would generated goodwill*

Trade Marks *— Passing off — Similarity in brand names — Whether plaintiff is merely a conduit for the manufacturer — Whether plaintiff owns goodwill in the trade mark — Whether adoption by the defendants of the trade mark was done with the intention of appropriating the plaintiff's goodwill and to pass off the defendants' product as that of the plaintiff's — Whether actual damage must be shown*

The first and third plaintiffs — both are companies incorporated in Australia — were the owner of the intellectual property rights in the Stopcard Auto Theft Device ('Stopcard'). The second plaintiff was incorporated in Malaysia to market the product in Malaysia. The plaintiffs claimed that the defendants' device ('Stopcar') was derived from the Stopcard. The third plaintiff had earlier entered into a licence agreement ('the licence agreement') with a company of which the second defendant was a director. The second defendant later became a director of the second plaintiff. Pursuant to this, confidential information pertaining to the Stopcard was provided to the first defendant, resulting subsequently in the execution of a confidentiality agreement on 3 April 1995 ('the confidentiality agreement'). Thereafter, the second defendant resigned from the second plaintiff. On 30 November 1995, 'Stopcar' was launched. The second plaintiff

received a letter from the fourth defendant's solicitors — the company which claimed to have developed the Stopcar — demanding the cessation of the use of the trade mark 'Stopcard'. It was unchallenged that the second plaintiff had, prior to the launch of 'Stopcar', heavily publicised their product 'Stopcard' and had on 27 November 1995 launched the 'Stopcard' product.

The plaintiffs claimed for, inter alia: (i) specific performance as against the first defendant of the confidentiality agreement; (ii) an action in passing off against all the defendants; (iii) damages on the basis of a conspiracy by all the defendants to obtain information from the plaintiffs and thereafter to utilise the information to manufacture a product identical or similar to the plaintiffs' product by using a trade mark similar to the plaintiffs' trade mark; and (iv) damages in conversion. The defendants argued, inter alia: (i) that the plaintiffs had nothing to protect by way of a patent, thus they had nothing to protect by way of an action based on breach of confidence; (ii) the information imparted prior to the execution of the confidentiality agreement was not imparted under any obligation of confidence; (iii) a mere distributor, such as the second plaintiff, may not acquire proprietary rights sufficient to sustain an action in passing off; (iv) the cause of action of conversion in respect of intellectual property rights is misconceived as it does not relate to ethereal or ephemeral matter such as information; and (v) proof of actual damage is a necessary ingredient at trial and only in the case of an interim application for a quia timet injunction would the likelihood of damage suffice.

Held, allowing the plaintiffs' claims:

(1) The first defendant, through its employees, had breached the confidentiality agreement not to use any part of the information provided to it in any manner whatsoever to its competitive advantage. It was also clear that the second defendant had divulged to the defendants for their use and benefit confidential information and trade secrets with regard to the plaintiffs' product. A director, such as the second defendant, is precluded from using any advantage obtained by virtue of his position as a director, especially with regard to confidential information obtained, after he resigns, more so when his resignation is seen to have been motivated by a desire to obtain for himself the advantage actually sought by the company. The second defendant was also in breach of his fiduciary duties not to obtain a business advantage over the second plaintiff and for which he had been negotiating on behalf of the second plaintiff. Thus, the plaintiffs were entitled to an order for an injunction against the second defendant together with damages as prayed for (see p 440F–G).

Even in the absence of an agreement, the first and second defendants owed an equitable obligation to the second plaintiff in relation to confidential information they received in their

capacities as consultant and director of the second plaintiff respectively. The second defendant was privy to all, if not most, of the confidential information by virtue of his position as the director of the second plaintiff. The information was used by the defendants in the design, manufacture, marketing and promotion of the 'Stopcar' product. Such use by the defendants amount to a breach of confidential information (see p 440H–I).

(2) A claim to confidential information does not mean the information must pass the patent test. It is only necessary to show that the information is confidential and cannot be found in the public domain. Patents give protection only for 15 years, after which the public is free to exploit it, whereas a trade secret can remain a trade secret forever and is protected forever (see p 445D).

(3) Information although imparted before the execution of the confidentiality agreement was imparted under an obligation of confidence as it was imparted during negotiations. The need for confidence must be implied and must exist throughout the period of negotiations (see p 445G–H).

(4) The law of passing off is essentially concerned with the protection of the goodwill associated with a business. Actual trading itself is not crucial in order to create goodwill. In this case, the second plaintiff has in fact extensively advertised its product by use of the name 'Stopcard' prior to its launch and also subsequent to its launch. By virtue of this extensive advertising campaign, the second plaintiff has generated goodwill in its name 'Stopcard' albeit in a short time, in relation to anti-car theft devices. It may be concluded that the second plaintiff owns the goodwill in Malaysia jointly with the third plaintiff (see pp 446E, G, I and 447B, C).

Furthermore, the second plaintiff is not merely a conduit for the manufacturer. Among others, the second plaintiff developed the operational system of the product in Malaysia and owns the intellectual property rights with regard to this system. It was clear that the second plaintiff is the first to use the trade mark 'Stopcard' in Malaysia in respect of this changed product and thus owns the goodwill in the trade mark in Malaysia (see p 447G, I) *Hai-O Enterprise Bhd v Nguang Chan; Liquor Trader (a firm, intervening)* [1992] 4 CLJ 1985 distinguished.

Thus, the adoption by the defendants of the trade mark 'Stopcar' in relation to a product identical to the plaintiffs was done with the intention of appropriating the second plaintiff's goodwill and to pass off the defendants' product as that of the second plaintiff's (see p 448H–I).

(5) There is no need to specifically plead 'sole and/or predominant purpose' in the reamended statement of claim as it is only necessary to so plead if the plaintiffs have alleged conspiracy by acts which are lawful. If the conspiracy is based on all or any of

A the unlawful acts as stated herein, namely, passing off, conversion, breach of fiduciary duties and breach of confidentiality, it is not necessary to plead 'sole and/or predominant purpose'.

In this case, the evidence showed that there was a conspiratorial grand design by all the defendants to usurp the B goodwill and business of the plaintiffs by launching a product similar to or identical with the product of the plaintiffs to cash in on the lucrative anti-car theft alarm system. The plaintiffs had also suffered damage in the loss of its monopoly of the market. Therefore, it was held that the defendants did conspire to injure the plaintiffs (see pp 449I and 450F–G).

C (6) Due to the rapid and highly volatile revolution in technology and with the concept and subsequent incept of the Multi Media Super Corridor, the courts must take a broader view of the meaning of property and include information as such. Confidential information falling within intellectual property should be accepted D for the purposes of giving rise to an action in conversion. The submission of the defendants that there must be deprivation of use or possession of property before an action for conversion can emerge, is unattractive. A mere dealing with property in a way inconsistent with the rights of the owner is sufficient. From the evidence, it was clear that the defendants had without authority E taken possession of the plaintiffs' property with the intention of asserting a right over it (see p 451A–C).

(7) The plaintiffs do not have to prove actual damages. The very likelihood of damage is sufficient. One of the ways in which the goodwill of a business or its reputation is injured is by way of F appropriation by another person of the plaintiffs' goodwill and reputation. The use by the defendants of the trade mark 'Stopcar' which is very similar to that of the plaintiffs' 'Stopcard' trade mark is an appropriation of Stopcard's goodwill. There is also a likelihood of damage to the plaintiffs' reputation if the defendants' G product has any shortcomings which said shortcomings will be attributed to the plaintiffs, due to the confusion ensuing out of the similarity of the trade marks. In any event, actual damage has been shown (see p 452I and 453A–B).

H **Obiter**:

(1) It is obvious that a patent can only be applied for in respect of a new product involving an inventive step. It is a requirement that in a patent document, prior art has to be disclosed in that all existing products which are similar in the market have to be I disclosed. The patent must then state what is inventive about the product to set it apart from the prior art. It is significant to note that in the defendant's patent document, the 'Stopcard' product was not mentioned. The allegation that prior art is based on

patented product is rejected. Section 14 of the Patents Act 1983 defines prior art as everything disclosed to the public anywhere in the world and this means that all inventions which the party filing the patent is aware of, must be stated. Therefore, the first defendant had deliberately failed to disclose the 'Stopcard' product (see p 436C–D).

(2) The effect of the 'springboard' doctrine is that it is open to the court to restrict the use of the plaintiff's information for such time as it is reasonable to expect the defendant to have used its own labour and skill to produce the same information, possibly by way of reverse engineering. In this case, since the evidence of PW1 showed that it is not possible to reverse engineer the product because the idea is in the chip, the court is constrained to hold that the principle of springboard doctrine cannot assist the defendants herein (see p 444I).

[Bahasa Malaysia summary

Plaintif pertama dan ketiga — kedua-duanya adalah syarikat yang diperbadankan di Australia — merupakan pemunya hak harta intelektual dalam Stopcard Auto Theft Device ('Stopcard'). Plaintif kedua diperbadankan di Malaysia untuk memasarkan barang keluaran itu di Malaysia. Plaintif-plaintif mendakwa bahawa barang keluaran defendan-defendan ('Stopcar') adalah berasal daripada Stopcard. Plaintif ketiga terlebih dahulu telah mengikat perjanjian lesen ('perjanjian lesen tersebut') dengan syarikat di mana defendan kedua adalah pengarah. Defendan kedua kemudiannya menjadi pengarah plaintif kedua. Ekoran daripada itu, maklumat sulit berkaitan dengan Stopcard telah diberikan kepada defendan pertama, yang kemudiannya membawa kepada pelaksanaan perjanjian sulit ('perjanjian sulit tersebut'). Selepas itu, defendan kedua berhenti bekerja dengan plaintif kedua. Pada 30 November 1995, 'Stopcar' dilancarkan. Plaintif kedua menerima surat daripada peguamcara defendan keempat — syarikat yang mendakwa telah mencipta Stopcar — menuntut pemberhentian penggunaan tanda niaga 'Stopcard'. Adalah tidak dipertikaikan bahawa plaintif kedua, sebelum pelancaran 'Stopcar', telah membuat publisiti barang keluaran 'Stopcard' mereka dengan meluas dan telah pada 27 November 1995 melancarkan barang keluaran 'Stopcard'.

Plaintif-plaintif menuntut, antara lain: (i) pelaksanaan spesifik terhadap defendan pertama berkaitan dengan perjanjian sulit tersebut; (ii) tindakan kelirupaan terhadap semua defendan; (iii) ganti rugi atas dasar komplot oleh semua defendan untuk memperolehi maklumat daripada plaintif-plaintif dan selepas itu menggunakan maklumat itu untuk membuat barang keluaran yang sama dengan barang keluaran plaintif-plaintif dengan menggunakan tanda niaga yang sama dengan tanda niaga plaintif-plaintif; dan (iv) ganti rugi 'conversion'. Defendan-defendan berhujah, antara lain: (i) bahawa plaintif-plaintif tidak mempunyai apa-apa untuk dilindungi dengan

A cara paten, dengan itu mereka tidak mempunyai apa-apa untuk dilindungi dengan cara tindakan yang berasaskan pelanggaran perjanjian sulit; (ii) maklumat yang disampaikan sebelum pelaksanaan perjanjian sulit tersebut tidak disampaikan di bawah apa-apa obligasi sulit; (iii) pengedar, seperti plaintif kedua, tidak boleh memperolehi hak-hak pemunyaan yang mencukupi untuk membawa tindakan kelirupaan; (iv) kausa tindakan 'conversion' berkenaan dengan hak harta intelektual adalah salah tanggap kerana ianya tidak berkait dengan perkara-perkara seperti maklumat; dan (v) bukti kerugian sebenar adalah perkara yang perlu semasa perbicaraan dan hanya dalam kes permohonan interim untuk injunksi quia timet kemungkinan kerugian memadai.

Diputuskan, membenarkan permohonan plaintif-plaintif:

(1) Defendan pertama, melalui pekerja-pekerjanya, telah melanggar perjanjian sulit tersebut untuk tidak menggunakan mana-mana bahagian daripada maklumat yang diberikan kepadanya dalam cara apa sekalipun untuk kebaikan kompetitifnya. Adalah juga jelas bahawa defendan kedua telah mendedahkan kepada defendan-defendan untuk kegunaan dan manfaat mereka maklumat sulit dan rahsia perniagaan berkaitan dengan barang keluaran plaintif-plaintif. Seorang pengarah, seperti defendan kedua, adalah dihalang daripada menggunakan apa-apa kebaikan yang diperolehi oleh sebab kedudukannya sebagai pengarah, terutamanya berkaitan dengan maklumat sulit yang diperolehi, selepas beliau berhenti kerja lebih-lebih lagi apabila pemberhentiannya dilihat sebagai didorong oleh hasrat untuk memperolehi bagi dirinya sendiri kebaikan yang sebenarnya diperolehi oleh syarikat. Defendan kedua juga melanggar kewajipan fidusiari untuk tidak mendapatkan kebaikan perniagaan terhadap plaintif kedua dan yang mana beliau telah berunding bagi pihak plaintif kedua. Oleh itu, plaintif-plaintif adalah berhak untuk mendapat perintah injunksi terhadap defendan kedua bersama dengan ganti rugi seperti yang dituntut (lihat ms 440F–G).

Walaupun tiada perjanjian, defendan pertama dan kedua mempunyai obligasi ekuiti kepada plaintif kedua berkaitan dengan maklumat sulit yang mereka terima dalam keupayaan mereka sebagai perunding dan pengarah plaintif kedua masing-masing. Defendan kedua adalah privi kepada semua, jika tidak sebahagian besar, maklumat sulit oleh sebab kedudukannya sebagai pengarah plaintif kedua. Maklumat itu digunakan oleh defendan kedua dalam rekaan, pembuatan, pasaran dan promosi barang keluaran 'Stopcar'. Penggunaan sedemikian oleh defendan-defendan sama seperti pelanggaran maklumat sulit (lihat ms 440H–I).

(2) Tuntutan maklumat sulit tidak bermakna maklumat itu mesti lulus ujian paten. Ianya hanya perlu menunjukkan bahawa maklumat itu adalah sulit dan tidak boleh diperolehi dalam

domain awam. Paten memberikan perlindungan hanya untuk 15 tahun, selepas itu orang awam adalah bebas untuk menggunakannya, manakala rahsia perniagaan boleh kekal sebagai rahsia perniagaan selama-lamanya dan dilindungi selama-lamanya (lihat ms 445D). A

(3) Maklumat walaupun diberikan sebelum pelaksanaan perjanjian sulit adalah diberikan di bawah obligasi sulit kerana ia diberikan semasa rundingan. Keperluan kepada sulit mesti disirat dan mesti wujud sepanjang tempoh rundingan (lihat ms 445G–H). B

(4) Undang-undang kelirupaan adalah berkaitan dengan perlindungan nama baik berkenaan dengan perniagaan. Perniagaan sebenar tidak penting untuk mencipta nama baik. Dalam kes ini, plaintif kedua telah pada hakikatnya mengiklankan secara meluas barang keluarannya dengan menggunakan nama 'Stopcard' sebelum pelancarannya dan juga selepas pelancarannya. Oleh sebab kempen pengiklanan yang meluas ini, plaintif kedua telah membina nama baik dalam nama 'Stopcard' walaupun dalam masa yang singkat, berkaitan dengan alat anti-curi kereta. Boleh disimpulkan bahawa plaintif kedua memiliki nama baik di Malaysia bersama dengan plantif ketiga (lihat ms 446E, G, I dan 447B, C). C D

Tambahan pula, plaintif kedua bukan hanya pengedar kepada pengilang. Antara lainnya, plaintif kedua membina sistem pengendalian barang keluaran itu di Malaysia dan memiliki hak harta intelektual berkaitan dengan sistem ini. Adalah jelas bahawa plaintif kedua adalah yang pertama menggunakan tanda niaga 'Stopcard' di Malaysia berkenaan dengan barang keluaran ini dan dengan itu memiliki nama baik dalam tanda niaga itu di Malaysia (lihat ms 447G–I); *Hai-O Enterprise Bhd v Nguang Chan; Liquor Trader (a firm, intervening)* [1992] 4 CLJ 1985 dibeza. E F

Oleh itu, penggunaan tanda niaga 'Stopcar' oleh defendan-defendan berkaitan dengan barang keluaran yang sama dengan barang keluaran plaintif telah dibuat dengan niat untuk mencedok nama baik plantif kedua dan untuk melirupakan barang keluaran defendan-defendan sebagai barang keluaran plaintif kedua (lihat ms 448H–I). G

(5) Adalah tidak perlu untuk memplid secara spesifik 'tujuan tunggal dan/atau utama' dalam pernyataan tuntutan pindaan kerana ianya hanya perlu diplid jika plaintif-plaintif mendakwa komplot dengan cara tindakan yang sah. Jika komplot diasaskan kepada semua atau mana-mana tindakan yang tidak sah seperti yang dinyatakan di sini, iaitu, kelirupaan, conversion, pelanggaran kewajipan fidusiari dan pelanggaran perjanjian sulit, adalah tidak perlu untuk memplid 'tujuan tunggal dan/atau utama'. H I

Dalam kes ini, keterangan menunjukkan bahawa terdapat komplot untuk merampas nama baik dan perniagaan plaintif-plaintif dengan melancarkan barang keluaran yang sama dengan

barang keluaran plaintif-plaintif untuk membuat keuntungan daripada sistem anti-curi kereta yang menguntungkan. Plaintif-plaintif juga telah mengalami kerugian disebabkan oleh kehilangan monopoli pasaran. Oleh itu, adalah diputuskan bahawa defendan-defendan telah berkomplot untuk merugikan plaintif-plaintif (lihat ms 449I dan 450F–G).

(6) Disebabkan oleh revolusi teknologi yang pantas dan sangat mudah berubah dan dengan konsep dan kemudiannya permulaan Koridor Raya Multi Media, mahkamah-mahkamah mesti mengambil pandangan yang lebih luas berkenaan dengan makna harta dan termasuk maklumat. Maklumat sulit yang termasuk dalam harta intelektual patut diterima untuk tujuan-tujuan yang membolehkan tindakan conversion. Hujah defendan-defendan bahawa mesti terdapat perlucutan penggunaan atau pemilikan harta sebelum tindakan conversion timbul tidak boleh diterima. Menguruskan harta dengan cara yang tidak konsisten dengan hak-hak pemilik adalah memadai. Daripada keterangan, adalah jelas bahawa defendan-defendan telah tanpa kebenaran mengambil milik harta plaintif-plaintif dengan niat untuk mendapatkan hak ke atasnya (lihat ms 451A–C).

(7) Plaintif-plaintif tidak perlu membuktikan kerugian sebenar. Kemungkinan besar kerugian adalah memadai. Salah satu cara di mana nama baik perniagaan atau reputasinya dirosakkan ialah dengan cara pengambilan nama baik dan reputasi plaintif-plaintif oleh orang lain. Penggunaan tanda niaga 'Stopcar' oleh defendan-defendan yang hampir sama dengan tanda niaga 'Stopcard' plaintif-plaintif adalah merupakan pengambilan nama baik Stopcard. Terdapat juga kemungkinan kerosakan kepada reputasi plaintif-plaintif jika barang keluaran defendan-defendan mempunyai kekurangan di mana kekurangan tersebut akan dikatakan berpunca daripada plaintif-plaintif disebabkan oleh kekeliruan kerana persamaan tanda niaga. Bagaimana pun, kerosakan sebenar telah ditunjukkan (lihat ms 452I dan 453A–B).

Obiter:

(1) Adalah jelas bahawa paten hanya boleh dipohon berkenaan dengan barang keluaran baru yang melibatkan langkah berdaya cipta. Adalah satu keperluan bahawa dalam suatu dokumen paten, ciptaan sebelumnya mesti didedahkan di mana semua barang keluaran yang sama di pasaran mesti didedahkan. Paten itu kemudiannya mesti menyatakan apa yang berdaya cipta mengenai barang keluaran itu yang mengasingkannya daripada ciptaan sebelumnya. Adalah penting untuk mengambil kira bahawa dalam dokumen paten defendan-defendan, barang keluaran 'Stopcard' tidak disebut. Pengataan bahawa ciptaan sebelumnya berasaskan barang keluaran yang dipaten adalah ditolak. Seksyen 14 Akta

Paten 1983 mendefinisikan ciptaan sebelumnya sebagai semua benda yang didedahkan kepada orang awam di mana-mana sahaja di dunia ini dan ini bermakna semua ciptaan yang mana pihak yang memfailkan paten ketahui, mesti dinyatakan. Oleh sebab itu, defendan pertama dengan sengaja gagal untuk mendedahkan barang keluaran 'Stopcard' (lihat ms 436C–D).

(2) Kesan doktrin 'springboard' ialah ia adalah terbuka kepada mahkamah untuk menghadkan penggunaan maklumat plaintif untuk suatu tempoh yang munasabah untuk menjangka defendan telah menggunakan tenaga dan kemahirannya sendiri untuk mengeluarkan maklumat yang sama, kemungkinannya dengan cara 'reverse engineering'. Dalam kes ini, oleh kerana keterangan PW1 menunjukkan adalah tidak mungkin untuk berbuat demikian kerana idea berada dalam cip, mahkamah terpaksa memutuskan bahawa prinsip doktrin 'springboard' tidak boleh membantu defendan-defendan di sini (lihat ms 444I).

Notes

For cases on breach of contract, see 3 *Mallal's Digest* (4th Ed, 1997 Reissue) paras 1611–1693.

For cases on conspiracy, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 45–54.

For cases on conversion, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 55–86.

For cases on passing off, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 1210–1260.

Cases referred to

Abbey Glen Property Corp v Stumborg (1976) 65 DLR 235 (refd)

Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd [1995] 3 MLJ 331 (refd)

Canadian Aero Services Ltd v O'Malley (1973) 40 DLR (3d) 371 (refd)

Coco v AN Clark (Engineers) Ltd [1969] RPC 41 (refd)

Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1997] FSLR 610; [1996] 3 AMR 4015; [1996] 2 BLJ 519 (refd)

Draper v Trist & Ors [1939] 3 All ER 513 (refd)

Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd [1979] AC 731 (refd)

Hai-O Enterprise Bhd v Nguang Chan; Liquor Trader (a firm, intervening) [1992] 4 CLJ 1985 (distd)

Haw Par Brothers International Ltd & Anor v Jack Chiarapurk & Ors [1991] 2 MLJ 428 (refd)

Lonrho plc v Fayed & Ors (No 5) [1994] 1 All ER 188 (refd)

Roger Bullivant Ltd v Ellis [1987] FSR 172 (refd)
Sorrell v Smith [1925] AC 700 (refd)
T Oertli AG v EJ Bowman (London) Ltd [1959] RPC 1 (refd)
Talbot v General Television Corp Pty Ltd [1980] VR 224 (refd)
Tee Yih Jia Food Manufacturing Pte Ltd v Seet Chuan Seng & Anor [1993] 2 CLJ 355 (refd)
Terrapin Ltd v Builders' Supply Co (Hayes) Ltd [1960] RPC 128 (refd)
Seager v Copydex Ltd [1967] 1 WLR 923 (refd)
Yap JH v Tan Sri Loh Boon Siew & Ors [1991] 3 CLJ 2960 (refd)

Legislation referred to

Patents Act 1983 ss 11, 12, 14(2)(a)
Specific Relief Act 1950 s 11

Ambiga Sreenevasan (*Janini Rajeswaran* with her) (*Skrine & Co*) for the plaintiffs.
VL Kandan (*YS Gaik* with him) (*Bustaman & Co*) for the defendants.

Cur Adv Vult

Kamalanathan Ratnam J:

The product

Unlike the face of Helen of Troy that launched the might of a thousand ships, the plaintiffs launched this suit upon the sails of six causes of action to protect their Stopcard Auto Theft Device ('Stopcard'). Stopcard can be described as a device which enables the owner of a car to stop the car from being driven away by an unauthorized driver by simply picking up the phone and dialling some digits.

Its function

In summary, it functions as follows:

(1) Upon the theft of a car, the owner who will be given a pin number will have to call the paging company, identify himself via his pin-number and dial the relevant digit assigned to the required function, for example, 1 for 'STOP'. The operating system thereafter will receive this message and transfer it into a radio signal. The IVM in the relevant car will receive the radio signal, interpret the message, that is, 'Stop' and carry out the function required, that is, 'Stop'. The car, if moving, will thereafter slowly become immobile.

(2) Should the car come to a stop, the whole system requires that upon ignition, secret procedures will have to be carried out to ensure the continued running of the car. The failure of such procedures being

carried out will result in the car not continuing to run. As such, it prevents unauthorized third parties who will be unaware of the secret procedures from re-starting the car that has been brought to a halt by the alarm.

Its unique features

The Stopcard has three unique features:

(1) The immobilisation of an already moving vehicle via radio signals from a paging network wherein the said immobilisation takes place over a period of time thus enabling the car to stop slowly.

(2) A secret procedure to be followed upon ignition of the vehicle for the continued running of the vehicle.

(3) A system which enables a single pager service to access unlimited pagers.

Whilst the first two features are self-explanatory, the third feature needs to be explained. Instead of using a single capcode or in simple terms, a pager telephone number, to activate each device, the Stopcard anti-theft device was a device wherein a single capcode was used to activate an almost unlimited number of devices. This process was known as cloning or duplicating capcodes and was economically viable as one would only have to purchase one capcode or telephone number from the paging company as opposed to one capcode (or telephone number) for every device in the market. The way in which this is done is that the identifying part of the capcode is contained in the message, so that when a radio signal is transmitted, the first part of the capcode will activate all the IVMs but only upon the IVM reading the message part of the signal, will the relevant IVM at which the message is directed identify itself.

It is the defendants' case that its Stopcar device (called the MR5000) was derived from the first defendant's own technology for the remote switching of street lights, that device being the MR100. To that device, already on the market prior to the Stopcard device, and totally unrelated to it, the first defendant contended that it added an alarm system for fitting inside the car.

The parties

The first and third plaintiffs

The product was, I find, pioneered by one Keith Russell ('PW1'). He invented the idea of duplication of capcodes. From his evidence, I find that he became aware of the need for such a device whilst running a security company called 'Strike Australia'. He then worked with one Laurie Benjamin to refine the said product and eventually produced a crude receiver. With this he approached the first plaintiff in order to further develop and finalize this crude receiver into a workable product

which the plaintiff did, having taken two years with an approximate cost of A$250,000. PW1 is an employee of the third plaintiff and also a director of Afftcorp Pty Ltd which owns all the shares in the third plaintiff. It is a fact that all intellectual property rights in the said product, in particular the concept of duplication of capcodes and bringing the vehicle to a stop slowly which was pioneered by PW1, subsist with the third plaintiff. However, all intellectual property rights in the manufacturing process, in particular with respect to the technical drawings of the IVM and technical information with regard to production equipment programme and first procedures subsist with the first plaintiff. The evidence, that Stopcard was coined by the third plaintiff, was unchallenged.

The second plaintiff

In order to introduce the said product into Malaysia, the third defendant entered into a licence agreement with one Mutiara Comtec of which the second defendant, Herbert Lai ('Lai'), was a director. This agreement was terminated and Lai then joined forces with one Mazlan to enter into negotiations with the third plaintiff with a view to obtaining the exclusive licence to market the said product in Malaysia. The second plaintiff was thus incorporated solely for this purpose. Negotiations with Lai and Mazlan and the third plaintiff led to the execution of a licence agreement dated 20 September 1994 between the second and third plaintiffs.

The licence agreement

The said licence agreement granted the second plaintiff the right to use the trade mark 'Stopcard' in licensed territories which included Malaysia and it also contained a confidentiality clause of which Lai, being one of the signatories to the said agreement, was aware. It is relevant to bear in mind that at the time of the incorporation, both Mazlan and Lai were directors and shareholders of the second plaintiff. Lai continued to be actively involved in the business of the second plaintiff until his resignation in July 1995.

The first defendant

The second plaintiff entered into negotiations with two of the first defendant's employees, Ali and Mustapha, sometime in 1994 with a view to these employees providing consultancy services to the second plaintiff. Negotiations were also commenced with a view to obtaining quotes for the development of an operating system and for the local manufacture of the IVM. Ali and Mustapha were known to Lai and Mazlan. Mazlan's evidence was that a letter of intent was sent to the first defendant stating that the second plaintiff was interested in engaging their services for the development of the operating system and general consultancy services on technical matters. In order to obtain the required quotes, confidential information pertaining to the said product was provided to the first defendant. In view of this, the first defendant then executed a confidentiality agreement on

3 April 1995. One unit of the IVM which was imported from the third plaintiff was also supplied to the first defendant. A

Upon obtaining the quotes, the contract to develop the operating system was awarded to another company, Sri Saniman of which one Wong Mun Ngah ('Wong') was a director. The first defendant was informed that it would be contacted when the second plaintiff wanted to manufacture the IVM locally. B

The second defendant

There is no doubt that in the course of his active involvement with the conduct of the affairs of the second plaintiff, Lai had to liaise with both the first and the third plaintiffs with regard to the technical aspects of the product. I accept the fact that some of this technical information was communicated to the second defendant verbally whilst the rest was communicated in writing. PW1 emphatically identified the technical and marketing information divulged to Lai. Documentary evidence abound with evidence that the second defendant was in constant touch with the third plaintiff in order to obtain information. C D

In any case under cross-examination, the second defendant admitted receipt of information and to the fact of communication to him of much of the technical information addressed to the first defendant. It is in evidence that during this period the second plaintiff invested time and research skills to acquire information with regard to the operating system in Malaysia and with regard to costs, pricing and marketing. Lai, by virtue of his position, was privy to this information. The second defendant resigned from the second plaintiff on 8 July 1995. On 1 October 1995, he was employed by the fourth defendant as its managing director. E F

The third defendant

In May 1995, Lai and Mazlan met Dennis Tan Tong Fook ('Tan'), a director of the third defendant with a view to appointing the third defendant as distributors of the product. Information regarding the said product, namely, a description of the product, its operation, marketing, sales potential and pricing were given to the third defendant. Since Tan refused to sign a confidentiality agreement, negotiations broke down in September 1995. However, Tan informed Mazlan that Lai was developing a similar product. Mazlan then came across an article on the defendants' product called 'STOPCAR' in The Star newspapers on 23 November 1995. G H

The fourth defendant I

The fourth defendant is described as the company that developed the 'Stopcar' product in 'The Star'. Incidentally, Tan who is a director of the third defendant is also a director of the fourth defendant.

The launch of the 'Stopcar'

Sometime in November 1995, the second plaintiff became aware of the launch of 'Stopcar' when it came across an invitation to the launch. The second plaintiff also became aware of the article in 'The Star'. The second plaintiff received a letter from the fourth defendant's solicitors who also claimed to be the solicitors of one Chee Kok Hoong ('CKH') demanding the cessation of the use of the trade mark 'Stopcard'. The defendants' product, 'Stopcar', was launched on 30 November 1995.

It is also clear that the second plaintiff had prior to the launch of 'Stopcar' heavily publicised their product 'Stopcard' and on 27 November 1995 the second plaintiff launched the 'Stopcard' product.

Are there similarities between Stopcard and Stopcar?

There is no doubt in my mind that these are the following similarities:

(1) Generally speaking, both products work in the same way, that is, they are both anti-car theft devices which use a paging system, the concept of duplication of capcodes and is able to stop a car slowly. Even the first defendant's patent document clearly says so. Both Ali and Mustapha admitted under cross-examination that the products are similar or that they have common features.

(2) It is a fact that both products utilise the concept of duplication of capcodes.

(3) There is a great similarity between 'Stopcard' and 'Stopcar'. Further, in promoting their product the third plaintiff used the words 'ultimate control'. The defendants have also used the same term.

(4) Both the products use Hutchinson paging as their paging company.

(5) Both use a similar access card and their instructions are similar.

(6) The defendants' product was priced at RM888 which was exactly the price at which the plaintiffs' product was launched.

(7) The term '30 year memory backup' was introduced by the plaintiffs but referred to as capacitative memory. The plaintiffs intended to use the said term but later abandoned it. The defendants have now adopted the term '30 year memory backup'.

The defendant's patent document (D9)

Exhibit D9 which is the defendants' patent document sets out the details of the 'Stopcar' product. The need to file a patent is seen from the Patents Act 1983. Section 11 of the Act reads:

> An invention is patentable if it is new, involves an inventive step and is industrially applicable.

Section 12 reads:

> (1) An invention means an idea of an inventor which permits in practice the solution to a specific problem in the field of technology.

(2) An invention may be or may relate to a product or process.

Section 14(2)(a) reads:

Prior art shall consist of —

(a) everything disclosed to the public, anywhere in the world, by written publication or, in Malaysia, by oral disclosure, by use or in any other way, prior to the filing date or, where appropriate, priority date of the patent application claiming the invention; ... .

It is therefore obvious that a patent can only be applied for in respect of a new product involving an inventive step. The very fact that the first defendant filed a patent application shows that the product was new in the market. It is also a requirement that in a patent document, prior art has to be disclosed in that all existing products which are similar in the market have to be disclosed. The patent must then state what is inventive about the product to set it apart from the prior art. It is significant to note that the 'Stopcard' product was not mentioned. When cross-examined on this, Ali's answer was that prior art is based on patented product. I reject this view. Section 14 defines prior art as everything disclosed to the public anywhere in the world and this to me, means that all inventions which the party filing the patent is aware of, must be stated. I cannot but conclude that the first defendant had deliberately failed to disclose the 'Stopcard' product.

One other matter I must consider in dealing with the patent application. It was the evidence of Ali and Mustapha that the technology involved in these two products is old technology. However, this would be in direct conflict with the patent application which suggests that this is a new invention. In any case, under cross-examination Ali made a significant admission:

Q: I put to you that the whole idea as in exh D9, you derived from the Stopcard product?

A: Yes.

I had in the beginning of my judgment adverted to the six causes of action launched by the plaintiffs. I shall consider each in turn.

Breach of confidentiality agreement dated 3 April 1995 against the first defendant

The background

The second plaintiff decided to engage Ali and Mustapha on a consultancy basis to provide technical support on the Stopcard project. At that time, both Ali and Mustapha were employed by Sapura Research. However, both of them left Sapura Research in October 1994 and were to join the first defendant and therefore requested that any such dealings between the second defendant and the two be done on a company to company basis, namely, as between the second plaintiff and the first defendant. In the circumstances, the second plaintiff issued to the first defendant a letter of intent engaging their services for the development of the operating system,

namely, for consultancy services on technical matters and for the local manufacture of the IVM. In view of the confidentiality of the information that had been passed and was about to be passed to the first defendant in order that the necessary quotes could be provided, the second plaintiff and the first defendant executed a confidentiality agreement on 3 April 1995.

The agreement itself

The following are highlighted and summarised for the purposes of this judgment:

(i) The preamble

The parties agreed to enter into the agreement to protect the confidentiality of information that has been and/or may be provided by the second plaintiff to the first defendant.

(ii) Clause 2 — Objectives and obligations of the parties

The parties had agreed that:

(a) The second plaintiff had provided and disclosed technical information and specification to the first defendant as a result of discussions leading up to the entering of the agreement.

(b) The second plaintiff is desirous of disclosing and providing more technical information and specification to the first defendant to enable it to design, set up, and implement the operating system and to design, develop, manufacture the licensed project in Malaysia.

The information

In order to obtain the quotes from the first defendant, the first defendant was provided with information which fell within the said agreement. The second plaintiff provided the general description of the technology which is the property of the third plaintiff. The second plaintiff also provided technical information which is the property of the first plaintiff.

A factor which I have to consider is that whilst the plaintiffs took about two years to develop their product, the first defendant was able to do so in so short a time. The inference that the first defendant had copied the plaintiffs' product is too strong to resist. In fact, Lai admitted under cross-examination to having given the information to the first defendant and he also admitted that the information he had was highly sensitive and constituted confidential information or trade secret of the third plaintiff.

The breaches

Clause 4 of the agreement deals with the first defendant's obligation to keep all technical information, specification and any other information including any updates, improvements and amendments thereto received and obtained from the plaintiffs strictly confidential, and not to disclose, divulge or relay such information to any person. There is also the obligation

not to use any part of the information in any manner whatsoever to its competitive advantage. Clearly, the first defendant through its employees, namely, Ali and Mustapha, had breached the agreement. Further, the fact that the product is competitive cannot really be disputed and in fact is admitted by the defendants in any case.

The prayer for specific performance

The plaintiffs prayed for specific performance as against the first defendant, of this agreement, and the claim was made pursuant to s 11 of the Specific Relief Act 1950 and cl 14 of the agreement.

Section 11 of the Act reads:

> Cases in which specific performance enforceable
>
> (1) Except as otherwise provided in this Chapter, the specific performance of any contract may, in the discretion of the court, be enforced —
>
> (a) when the act agreed to be done is in the performance, wholly or partly, of a trust;
>
> (b) when there exists no standard for ascertaining the actual damage caused by the non-performance of the act agreed to be done;
>
> (c) when the act agreed to be done is such that pecuniary compensation for its non-performance would not afford adequate relief; or
>
> (d) when it is probable that pecuniary compensation cannot be got for the non-performance of the act agreed to be done. ... .

Clause 14 specifically provides for the plaintiffs to avail themselves of the right to specific performance.

Breach of fiduciary duties against Lai (the second defendant)

Lai was a director of the second plaintiff from the time of its incorporation on 18 August 1994 until his resignation on 8 July 1995. I find from the evidence that, whilst a director of the second plaintiff Lai was involved in the negotiations leading up to the licence agreement and that he was thereafter involved in all the business of the second plaintiff, specifically with regard to the technical side of the product, since he was also the technical head of the second plaintiff. There is no doubt that by virtue of his position as director, Lai was also privy and had access to much pertinent and confidential information. Evidence tendered clearly show that Lai was in constant contact with the third plaintiff for the purpose of obtaining information. In fact, Lai even visited Adelaide to hold technical discussions with the third plaintiff. He was also the signatory to the licence agreement between the second plaintiff and the third plaintiff.

Was Lai aware of the confidentiality of the information

I have no hesitation in holding that he was. Evidence disclosed shows that he was the director of Mutiara Comtec, a company that was formerly the

licensee of the third plaintiff. There was a confidentiality clause binding Mutiara Comtec of which Lai admits he was aware. Further, he was the signatory to the licence agreement between the second plaintiff and the third plaintiff which also contained a confidentiality clause. He was also a director of the second plaintiff when it requested the first defendant to sign the confidentiality agreement. He also informed Wong (earlier referred to) that the information he had passed on to him was confidential in nature and further requested Wong to sign the confidentiality agreement. It is obvious therefore that by virtue of his position as a director, Lai owed certain fiduciary duties to the second plaintiff. From the evidence, I find that Lai had divulged to the defendants for their use and benefit confidential information and trade secrets with regard to the plaintiffs' product. In *Canadian Aero Services Ltd v O'Malley* (1973) 40 DLR (3d) 371, the court held that apart from legislation specifically referring to directors, the duties of directors not to misuse company secrets are the same as those fiduciary duties owed by other senior officials of the company. It is my judgment that the duties of a director are those fiduciary duties owed by senior officials of the company and as such are higher than those owed by employees and managers. This is because a director is not an employee but is the alter ego of the company and as such should be placed in the category of employers and not as employees. Generally, the duty placed on director is a duty of fidelity and good faith based on a relationship founded on an element of trust. However, it is inescapable that a duty placed on a director is that of strict duty. In any event, the law is such that there are no strict factors to be taken into account in determining the standards of loyalty, good faith and avoidance of conflict between duty and self-interest, as new fact situations may require reformulation of an existing principle to maintain its vigour in the new setting. The court in *Abbey Glen Property Corp v Stumborg* (1976) 65 DLR 235 categorised the liability of a director into three heads:

(1) The use of company property.

(2) The use or disclosure of confidential information of the company.

(3) Misuse of the position of director.

Use or disclosure of confidential information

I am of the view that the obtaining of information is akin to that of obtaining of an advantage. It is totally improper for a director to obtain a business advantage either belonging to the company or for which it has been negotiating, where such a business advantage is one in the line of business of the company of which he is the director; more so when the director has been personally negotiating or involved in the negotiation, of the advantage. In *Haw Par Brothers International Ltd & Anor v Jack Chiarapurk & Ors* [1991] 2 MLJ 428, the court held a partner to a joint venture as owing a fiduciary duty to the other partner of the joint venture as well as the joint venture company, by virtue of his act of launching another similar product after having obtained information imparted under an obligation of confidence with regard to the manufacturing process of the plaintiff's product. It is also my judgment that a director will be

precluded from using any advantage obtained by virtue of his position as a director, especially with regard to confidential information obtained, after he resigns, more so when his resignation is seen to have been motivated by a desire to obtain for himself the advantage actually sought by the company.

From the evidence adduced, I note that Lai's conduct upon his resignation showed that he was motivated by a desire to acquire an advantage. Immediately upon resigning from the second plaintiff, he approached Wong with the plaintiffs' IVM and requested Wong to improve on it. I accept the evidence of Wong that the said IVM bore the 'Stopcard' sticker with the letter 'd' torn out to read 'Stopcar'. I also accept Wong's evidence that Lai requested of him to delay the programme he was developing for the second plaintiff and not to improve on it. He also asked Wong for a copy of the programme he had written for the second plaintiff which he refused to give. It is a fact that Lai did join the fourth defendant which was then about to launch a product similar to that of the plaintiffs'. He joined as the managing director and was in charge of technical matters. It is also interesting to note that one of the directors of the fourth defendant was Dennis Tan who was also the director of the third defendant and had prior dealings with the second plaintiff whilst Lai was the director of the second plaintiff. I therefore have no hesitation in holding that Lai owed a fiduciary duty to the second plaintiff.

Breach of fiduciary duties

It is my finding that by joining the other three defendants in the business of an anti-theft device including manufacturing, distributing, selling and promoting the 'Stopcar' product which is similar to the plaintiffs' product, and thus being in direct competition with the plaintiffs' product, Lai is also in breach of his fiduciary duties not to obtain a business advantage over the second plaintiff and for which he had been negotiating on behalf of the second plaintiff. He ought not to have allowed any personal interest to conflict with the interest of the second plaintiff, not to compete with the second plaintiff and to be loyal and act in good faith towards the second plaintiff. In my view, the plaintiffs are entitled to an order for an injunction against Lai together with damages as prayed for.

Breach of confidentiallity against the first and second defendants

It is my judgment that even in the absence of an agreement, the first and second defendants owe an equitable obligation to the second plaintiff in relation to confidential information they received in their capacities as consultant and director respectively. Lai was privy to all, if not most, of the confidential information by virtue of his position as the director (technical head) of the second plaintiff. The said information was used by the first defendant and the second defendant in the design and manufacture of the 'Stopcar' product and also by Lai with the third and fourth defendants in the marketing and the promotion of the 'Stopcar' product. I therefore find that such use by the first and second defendants amount to a breach of confidential information.

A What is confidential information?

Confidential information is generally information which is the object of an obligation of confidence and is used to cover all information of a confidential character. This includes:

B (1) Trade secrets.
(2) Literary and artistic secrets.
(3) Personal secrets.
(4) Public and government secrets.

C In this case, we are dealing with trade secrets which may be defined as information which any reasonable employee would recognize as secret to his employer's business. An action for breach of confidence will lie where there is a breach of an obligation of confidence. The *Law of Intellectual Property* by Staniforth Ricketson sets out a useful summary at p 822 of the
D factors relevant to determining whether a given body of information is confidential. They are:

(1) The extent to which the information is known outside his (the owner's) business;
(2) The extent to which it is known by employees and others involved in
E his business;
(3) The extent of measures taken by him to guard the secrecy of the information;
(4) The value of the information to him and his competitors;
(5) The amount of effort or money expended by him in developing the
F information;
(6) The ease or difficulty with which the information could be properly acquired or duplicated by others (ie by their independent endeavours).

I find that the three schedules which had been admitted by consent and which contain the plaintiffs' confidential information, sufficiently satisfy
G the above-referred six factors. It is obvious that the plaintiffs took pains to guard the secrecy of the information by means of confidential agreements with all parties to whom information was required to be imparted. Needless to say such information was invaluable to the plaintiffs. The plaintiffs clearly expended money and effort to develop their product. What is
H pertinent to note is that only those defendants who are privy to all these information were able to develop a product similar to the plaintiffs' Stopcard product. I therefore find the six factors satisfied by the plaintiffs and I therefore hold the plaintiffs' information as confidential information which no doubt includes their trade secrets.

I Elements necessary to support this cause of action

In *Coco v AN Clark (Engineers) Ltd* [1969] RPC 41, Megarry J (as he then was) held that to succeed in an action of breach of confidence it must be shown that the information in question has been received in circumstances

imparting an obligation of confidence on the part of the recipient, for however secret and confidential the information, there can be no binding obligation of confidence if that information is blurted out in public or is communicated in other circumstances which negative any duty of holding it confidential. He also held that there were three elements essential to a cause of action for breach of confidence, namely: (a) that the information was of a confidential nature; (b) that it was communicated in circumstances imparting an obligation of confidence; and (c) that there was an unauthorized use of the information. He was prepared to apply the test of the reasonable man. I accept and adopt this proposition. I find that so long as any reasonable man standing in the shoes of the recipient, upon receipt of information which has been specifically identified realizes on reasonable grounds that the said information given to him was so given in confidence, then the duty of confidentiality is reposed upon him.

In so far as this case is concerned, I have no hesitation in holding that the three schedules tendered as agreed documents containing the specifications, contain technical information (especially Schs 1 and 3) that has been identified with specificity.

Agreement by consent as to the protection sought

By consent parties agreed by correspondence to limit the information the plaintiffs seek to protect, namely:

(1) The information relating to the manufacturing process of the product and information relating to the microprocessor code and the installation diagrams contained in pp 1–14 of Sch 1, the said information being the property of Electro Cad.

(2) The information relating to the idea of the duplication or cloning of capcodes set out in p 35 of Sch 1, the same said information being the property of Stopcard Australia.

(3) The idea of programming the receivers unit to slow the car down gradually by switching the ignition on and off instead of stopping the car instantly with one signal, the same said idea being the property of Stopcard Australia. The said idea is also set out on p 35 of Sch 1.

(4) Marketing, pricing and sales information belonging to Stopcard Australia contained in Sch 2.

(5) Technical information relating to the operating system, pricing, costs and marketing information belonging to Stopcard Malaysia as set out in Sch 3.

The information relating to the idea of the duplication or cloning of capcodes is the property of the third plaintiff. Information relating to this idea was no doubt orally communicated to Lai by the third plaintiff. This very same information was also communicated to the first defendant. I find that this idea is the most vital of the trade secrets of the plaintiff and in the words of Harris J in *Talbot v General Television Corp Pty Ltd* [1980] VR 224 at 232 'the kernel of the concept'. I have no hesitation in holding

A that this is a trade secret that has to be accorded protection. In *Seager v Copydex Ltd* [1967] 1 WLR 923, a case very similar to the one before me, the plaintiff invented a carpet grip and took out a patent for it. For more than a year, he negotiated with the defendants with a view to their marketing the grip, but nothing came of the negotiations. During the negotiations, the plaintiff disclosed to the defendants the features of the grip and B suggested an alternative grip with a tang and strong-point. The defendants realized that this information was given to them in confidence. When the negotiations had ended, the defendants made a carpet grip which did not infringe the plaintiff's patent but embodied his suggestion of an alternative grip with a tang and strong-point; and they gave this alternative grip the C same name as the plaintiff said he had mentioned to them during the negotiations. The court held that although the defendants honestly believed that the alternative grip was the result of their own ideas, they had unconsciously made use of confidential information given to them by the plaintiff as a springboard for activities detrimental to him, thereby infringing a duty of confidence. Accordingly, the plaintiff was entitled to damages to D be assessed on the basis of reasonable compensation for the use of the confidential information which had been given. In the case before me, Ali in evidence admitted that the whole idea was derived from the Stopcard product. It is my judgment that the information relating to the duplication or cloning of capcodes was imparted to him in his position as director of E Mutiara Comtec/second plaintiff, whereby both companies were under an obligation to maintain the confidentiality of this idea by virtue of the respective licence agreement. The first defendant acquired such information in its position as consultant and the proposed contractor for the operating system and manufacturer of the IVM. Needless to say the first defendant was duty bound to maintain such confidential information. No doubt it is F the practice of the industry that such information be kept confidential and as such it is my finding that it was implied that such information was conveyed upon an obligation of confidence. In any event, the confidential clauses in all the agreements between the parties, bear testimony to this. The use by the defendants, without the consent of the plaintiffs, was G unauthorized use of such information and as such the use of such information by the first defendant and the second defendant in developing the 'Stopcar' product is clearly in breach of confidentiality. I find that the technical information in Schs 1 and 3 which is with regard to the design and manufacture of the Stopcard product and with regard to the design requirements of the operation system, is confidential information and H amounts to trade secrets. Like the categories of negligence which are never closed, it is impossible to list out information that will qualify as trade secrets. The secret manufacturing process of each product will determine if it is a trade secret.

The second defendant as director of the second plaintiff was privy to I marketing costs and pricing information of the third and second plaintiffs as contained in the Schs 2 and 3 respectively. In my judgment, the said information is such that any reasonable employee would view it as secret to the businesses of the third and second plaintiffs, as such information

refers to a unique product that had never been marketed or priced before and further, being a unique product, the costs of the same will not be common knowledge. It is my judgment that all such information amounts to trade secrets. In fact, the second defendant well knew the confidential nature of such information because the third defendant was asked to sign a confidential agreement when such information was revealed to it. It is obvious that the said information is being used to market and price the defendants' product. I have already earlier found the various similarities relating to the two products. I have no hesitation in holding that in view of the skill and labour expended in the research and compilation of the said information, which was with regard to the marketing, pricing and costs of a unique product, the imposition of a requirement of confidentiality, is very reasonable. I find that the designing and manufacturing of the 'Stopcar' product were upon the instructions of the fourth defendant and that the third defendant is now distributing the said product for the fourth defendant. It is obvious therefore that the marketing, pricing and costs information is now within the knowledge of the third and fourth defendants as is the product itself which was designed utilising the confidential information. I find that in respect of third parties to whom confidential information had been imparted, it would be in order to grant an injunction to protect the said information.

The Springboard Doctrine

The springboard doctrine was the brainchild of Roxburgh J as propounded by him in *Terrapin Ltd v Builders' Supply Co (Hayes) Ltd* [1960] RPC 128. The plaintiff in that case manufactured prefabricated portable building units which were marketed. The plaintiff had produced brochures describing them. The defendant's case was that since all the information concerning the construction details was available to the public, the information could not be regarded as confidential. The learned judge said:

> As I understand it, the essence of this branch of the law, whatever the origin of it may be, is that a person who has obtained information in confidence is not allowed to use it as a springboard for activities detrimental to the person who made the confidential communication and springboard it remains, even when all the features have been published or can be ascertained by actual inspection by any member of the public.

However, in *Roger Bullivant Ltd v Ellis* [1987] FSR 172, the Court of Appeal held that an injunction in a 'springboard' case should not normally extend beyond the period for which the unfair advantage may reasonably be expected to continue. It is obvious therefore that the effect of the 'springboard' doctrine is that it is open to the court to restrict the use of the plaintiff's information for such time as it is reasonable to expect the defendant to have used its own labour and skill to produce the same information, possibly by way of reverse engineering. In the case before me, since I accept the evidence of PW1, Keith Russell, that it is not possible to reverse engineer the product because the idea is in the chip, I am constrained to hold that the principle of springboard doctrine cannot assist the defendants herein.

No patent equals no confidential information

The defendants relied on a letter dated 5 May 1995 written by the third plaintiff to the second plaintiff which noted that the patent application was not pursued because a search of a patent database showed that whilst no other devices were exactly the same, nevertheless when the existing patent searches were taken together they 'cumulatively cover every aspect of technology and methodology employed in the Stopcard device'. In the light of this, the letter counselled that the best way of avoiding competition was to beat the competitors in the market. Because of this letter, the defendants contended that the third plaintiff recognized that it had nothing to protect by way of a patent because of prior publications. They contended that by parity of reason, as the plaintiffs had nothing to protect by way of a patent, they had nothing to protect by way of an action based on breach of confidence. The defendants thus argued, no patent equals no confidential information.

I reject this argument. To my mind it is necessary to note that a claim to confidential information does not mean the information must pass the patent test. It is only necessary to show that the information is confidential and cannot be found in the public domain. Patents give protection only for 15 years, after which the public is free to exploit it, whereas a trade secret can remain a trade secret forever and is protected forever. For example, the Coco-Cola recipe was never patented; and yet it is one of the best kept secrets of the world. Confidential information does not have to be patentable. The case of *Talbot v General Television Corp Pty Ltd* [1980] VR 224 dealt with a television programme concept or idea. However, those are not patentable but can and in the *Talbot* case did amount to confidential information. Also, other confidential information like, marketing information, is incapable of being patented.

Need for confidence

The defendants contend that information imparted prior to the execution of the confidentiality agreement was not imparted under any obligation of confidence. No authority was cited in support of this bold stand. It is my judgment that information although imparted before the execution of the confidentiality agreement was indeed imparted under an obligation of confidence as it was imparted during negotiations. I hold that the need for confidence must be implied and must exist throughout the period of negotiations. In fact, such a submission by the defence is contrary to Mustapha's admission under cross-examination that it is industry practice to keep such information confidential. Needless to say this must be the reason why such information is usually revealed before the execution of any confidentiality agreement.

Passing off

The plaintiffs have launched an action in passing off, against all the defendants. The second plaintiff is authorized under the licence agreement

to use the trade mark 'Stopcard'. However, I find that the defendants have launched a product identical and/or substantially similar to that of the plaintiffs' product. In *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1997] FSLR 610; [1996] 3 AMR 4015; [1996] 2 BLJ 519, I had held that in passing off actions the plaintiff has to prove:

(a) that the plaintiff has a sufficient reputation or goodwill in the trade name in question in the local jurisdiction;

(b) that the actions of the defendant are likely to cause, or have actually caused, deception or confusion; and

(c) that the plaintiff has suffered or is likely to suffer damage or injury to his business or goodwill as a result of the defendant's misrepresentation.

Good will

Goodwill may be defined as the benefit and advantage of the good name, reputation and connection with a business whether it is a business that provides services or manufactures and/or distributes certain products. In other words, goodwill is the attractive force that brings in custom. It distinguishes a well established business from one starting off in the same trade. The law of passing off is essentially concerned with the protection of the goodwill associated with a business. Although it is a fact that it is the goodwill of a business that the law protects, an indicia or tradename used in connection with a certain business is of vital importance as the public will normally identify the said business which produces certain products or provides certain services by way off indicia or tradename used. In *The Law of Passing Off* by Christopher Wadlow at p 66, the learned author says:

> Goodwill is normally created by trading, and very slight trading activities have been held to suffice.

I accept the author's views that actual trading itself is not crucial in order to create goodwill. Pre-launch advertisements in themselves may create goodwill. In fact in *Sheraton Corp of America v Sheraton Motels Ltd* [1964] RPC 202, Buckley J said at p 103:

> ... presumably in the meantime there is likely to be some publicity connected with it, and the fact that the business not yet in operation and that indeed the building is not yet up does not mean that publicity will not be launched well in advance of the opening of the building.

In fact, I am of the view that extensive use over a short period of time may in itself create goodwill.

Goodwill in the name 'Stopcard'

The second plaintiff has in fact extensively advertised its product by use of the name 'Stopcard' prior to its launch, albeit for a short period, and also subsequent to its launch. PW2 testified that recruitment advertisements were placed in the national newspapers. There were also demonstration of

A the 'Stopcard' product to various parties, namely Nusantara Worldwide Insurance, the traffic police department, Goodyear and V-Kool and AAM. There were also nationwide publicity campaign via the press, radio and television. I am satisfied that by virtue of this extensive advertising campaign, the second plaintiff has generated goodwill in its name 'Stopcard' albeit in B a short time, in relation to anti-car theft devices. I am also satisfied that none of this evidence has been challenged by the defendants.

The goodwill of the business which distributes the product 'Stopcard' is the property of the second plaintiff and not the third plaintiff despite the fact that the third plaintiff owned the mark 'Stopcard' because the third plaintiff had never entered the Malaysian market and the Malaysian public C has not learned to identify the product 'Stopcard' with the third plaintiff.

In any event, I have no hesitation in holding that the second plaintiff owns the goodwill in Malaysia jointly with the third plaintiff. In *T Oertli AG v EJ Bowman (London) Ltd* [1959] RPC 1, the court held that a licensee can own the goodwill of the business in circumstances similar to that in the D case before me. In any case, PW1 has confirmed that the second plaintiff owns the goodwill in the mark in Malaysia.

The defendants argued that a mere distributor may not acquire proprietary rights sufficient to sustain an action in passing off and in support relied on *Hai-O Enterprise Bhd v Nguang Chan; Liquor Trader (a* E *firm, intervening)* [1992] 4 CLJ 1985. The *Hai-O* case dealt with the claim between two parties concerned with the genuine goods, namely, the foreign manufacturer and the importer of the said manufacturer's goods, to the trade mark. In the case before me, the defendants are not concerned with the genuine goods. In *Haw Par Bros International Ltd*, the court brushed aside as mere technicality the defendant's challenge to the ownership of F the mark. Similarly, I intend to brush aside as a mere technicality the present defendants' challenge to the ownership of the mark whether by the second or the third plaintiffs because the issue of ownership between the second and/or the third plaintiff is not for the defendants to question.

Unlike the situation in *Hai-O*, the second plaintiff does not merely G import the product and resell the same. In other words, the second plaintiff is not merely a conduit for the manufacturer. In fact, the second plaintiff imports the IVM which is manufactured specifically to suit Malaysian conditions. This is done with input from the second plaintiff. Further various components, like additional siren, relay, flasher, cables and wire clips are added to the final product by the second plaintiff. The H packaging of the product is also done by the second plaintiff. The operational system in Malaysia, which is an essential part of the entire system was developed by the second plaintiff and it also owns the intellectual property rights with regard to this system. In the circumstances, it is my judgment that the facts in this case can be easily distinguished from the facts in *Hai-O* as I changes had been made to the product by the second plaintiff. I hold that the second plaintiff is the first to use the trade mark 'Stopcard' in Malaysia in respect of this changed product and thus owns the goodwill in the trade mark in Malaysia.

It is my judgment that based on the evidence before me the use of the trade mark 'Stopcar' by the defendants, a word substantially similar to that used by the second plaintiff in relation to its product will result in the public being led to believe that the defendants' product is that of the second plaintiff or in some way connected or associated with the second plaintiff.

I have no hesitation in holding that the earlier publicity the defendants' 'Stopcar' product received was the write-up in 'The Star' newspapers on 23 November 1995 (2CABD 215). Further, no evidence was tendered of any advertisement or sale of the defendants' product until its launch on 30 November 1995.

By consent, parties put in a transcript of conversation which took place at the launch of the 'Stopcar' product. It is necessary to reproduce the said transcript at 2CABD 236:

Audience: There is another company also ... by the name of STOPCARD; what is the difference between yours and theirs?

Felicia: Okay. STOPCARD is actually an Australian system. Okay. The system is designed in Australia and test it out in Malaysian Market. And this product is not even been marketed in Australia at all. Okay. This version of system is actually a very raw system with the design and they tried to use it in Malaysia ... There are some function of STOPCARD ... using the manual way. You can't change your number through the computer; pin number. You still go through the application and the hazad sending the form, get this approval to change your pin number between the two three days; people who know the pin number can drive away already. Whereas ours within the minutes now you can ... the Malaysian product is attributed to Malaysian motorists. And we Malaysians should be proud of Malaysian product. Malaysian technology ...

Audience: This is 100% made in Malaysia.

Felicia: Yes. 100% made in Malaysia.

Other than that the word 'hazad' should read 'hassle', the defendants did not deny the said transcript. On this alone, I have no hesitation in finding that the reputation of 'Stopcard' has been established in Malaysia. As such it is my judgment that the adoption by the defendants of the trade mark 'Stopcar' in relation to a product identical to the plaintiffs was done with the intention of appropriating the second plaintiff's goodwill and to pass off the defendants' product as that of the second plaintiff's.

Conspiracy to injure

The plaintiffs also claim damages on the basis of a conspiracy by all the defendants to obtain information from the plaintiffs and thereafter to utilise the said information to design, manufacture, market and distribute a product identical or similar to the plaintiffs' product by using a trade mark similar to the plaintiffs' trade mark.

A The law of conspiracy consists of an agreement of two or more persons to do an unlawful act or to do a lawful act by unlawful means for the purpose of injuring another whereby the said act results in damage to the other (see *Sorrell v Smith* [1925] AC 700 and *Yap JH v Tan Sri Loh Boon Siew & Ors* [1991] 3 CLJ 2960).

B The defendants rely on *Lonrho plc v Fayed & Ors (No 5)* [1994] 1 All ER 188 and submit that the essential ingredients of the tort of conspiracy to injure by lawful means are an agreement by two or more person who do acts, which were lawful in themselves, for the sole or predominant purpose of causing injury to the plaintiff and which in fact caused injury to the plaintiff. The defendants argued that there was no evidence whatsoever C that there was any such agreement amongst them. In *Lonrho plc*, Dillon LJ said at p 192 that tortiuous conspiracy is actionable:

> ... if done by several persons in combination and if the predominant purpose of those persons was to injure the plaintiff ... .

D In the same case, Evans LJ said at p 208:

> It is unlawful to combine with others with the sole or predominant object of causing injury to another person, even if the means used for that purpose are not themselves unlawful.

It is my view therefore that the word '*agreement*' as referred to in *Lonrho Plc* E does not envisage the existence of a signed and sealed parchment. The word 'agreement' must mean a loose term such as a 'combination'. That is what was clearly envisaged when both Dillon LJ and Evans LJ referred to as 'combination'. I have no hesitation in finding that there was clear evidence of a combination of efforts on the part of the defendants. There was a common understanding or an act of combination, or a conjoint F effort to injure the plaintiffs. The defendants' actions were quite obviously to deny the second plaintiff the advantage it had in the market of being the sole producer of such product and thus of having a monopoly of the market. The defendants contend that the plaintiffs' failure to plead 'sole and/or predominant purpose' is fatal to their case. I reject this submission. G Whilst the plaintiffs had pleaded that the defendants' actions were 'with an intent to injure Stopcard Malaysia' in their amended defence the defendants have denied that the actions were with 'the predominant purpose to injure the plaintiffs'. It is clear to my mind that despite the fact that the plaintiffs had not specifically pleaded the words 'sole and/or predominant purpose', it is obvious that the defendants had understood their allegations of H intention to injure to mean 'the sole and/or predominant purpose' by virtue of their defence.

I further hold that there is no need to specifically plead 'sole and/or predominant purpose' in the reamended statement of claim as it is only necessary to so plead if the plaintiffs have alleged conspiracy by acts which I are lawful. If the conspiracy is based on all or any of the unlawful acts as stated herein, namely, passing off, conversion, breach of fiduciary duties, breach of confidentiality, it is not necessary to plead 'sole and/or predominant purpose'. I note that in *Gasing Heights Sdn Bhd v Aloyah bte*

Abd Rahman & Ors [1996] 3 MLJ 259 at p 269 it was held that 'sole and/ or predominant purpose' must be pleaded when alleging conspiracy by *lawful* means'.

As to the allegation that the plaintiffs must show damages suffered, I am satisfied that the plaintiffs have suffered damages. The second plaintiff has lost its monopoly of the market. Needless to say, the loss of distributors by reason of an identical competing product has also caused pecuniary loss. PW2, Mazlan, has given evidence in detail on the actual loss of sales and this was not challenged by the defendants. Even the third plaintiff has testified to its loss. This too was not challenged by the defendants. In any case, it is my judgment that even if it was not pleaded that the defendants conspired to injure the third plaintiff, by virtue of the fact that evidence was led on this and not objected to by the defendants, I hold that the defendants did conspire to injure the third plaintiff. Also in *Boustead Trading (1985) Sdn Bhd v Arab-Malaysian Merchant Bank Bhd* [1995] 3 MLJ 331, the Federal Court held that since considerable evidence on the point was led at the trial by the respondent without objection from the appellant, such evidence was acceptable.

I am satisfied from the evidence adduced that the four defendants came to an agreement between themselves and thus acted in concert to use the information obtained under an obligation of confidence to injure the plaintiffs. As soon as the first and second defendants obtained technical and marketing information with regard to the plaintiffs' product, they together with the third and fourth defendants acted in concert to manufacture an identical product in direct competition with the plaintiffs' product and thereafter marketed the same in Malaysia. I also find that the defendants had appropriated the plaintiffs' trade mark, thus breaching confidentiality agreement, fiduciary duties and committing the tort of passing off. All the evidence point irresistibly to one conclusion — that there was a conspiratorial grand design by all the defendants to usurp the goodwill and business of the plaintiffs by launching a product similar to or identical with the product of the plaintiffs to cash in on a lucrative motor by-product industry, namely an anti-car theft alarm system.

Conversion

It is also the case of the plaintiffs that the defendants deliberately took the information specified in Schs 1, 2 and 3 and the trade mark 'Stopcar' from the plaintiffs. As such, they claimed damages in conversion. The defendants argued that this cause of action of conversion in respect of intellectual property rights is misconceived as it does not relate to ethereal or ephemeral matter such as information. It was submitted that since the essence for the cause of action for conversion is that there be an intention to deprive the owner of the possession of the property, thus even if information had been wrongly made use of there is no deprivation of, the owner of the information or the use of that information.

I do not see why a claim for conversion cannot be upheld in respect of information. Although I note that there has been reluctance by the courts

to treat information as property, it is my conclusion that due to the rapid and highly volatile revolution in technology and with the concept and subsequent incept of the Multi Media Super Corridor that our country has embarked upon to launch a clear vision 2020, the courts must take a broader view of the meaning of property and include information as such. The property referred to as the basis of this action is the information contained in Schs 1, 2 and 3. I am therefore willing to hold that information can form the basis of an action of conversion whether or not it is technically a part of intellectual property. I am even prepared to accept confidential information as falling within intellectual property for the purposes of giving rise to an action in conversion. To my mind, the submission of the defendants that there must be deprivation of use or possession of property before an action for conversion can emerge, is unattractive. I hold that a mere dealing with property in a way inconsistent with the rights of the owner is sufficient. I hold that the plaintiffs have successfully established this cause of action in tort against all the defendants. The law of conversion requires the fulfilment of any of the following:

(1) When property is wrongly taken or parted with.

(2) When property is wrongfully sold in market overt although not delivered.

(3) When property is wrongfully retained.

(4) When property is wrongfully destroyed or changed in nature.

(See *Clerk & Lindsell on Torts* (12th Ed).) It is obvious from the evidence so far available that the defendants had without authority taken possession of the plaintiffs' property with the intention of asserting a right over it.

I therefore hold that the plaintiffs have proved their case in conversion.

Damages

In *Draper v Trist & Ors* [1939] 3 All ER 513, Goddard LJ said at p 526B:

> ... The law assumes, or presumes, that, if the goodwill of a man's business has been interfered with by the passing-off of goods, damage results therefrom. He need not wait to show that damage has resulted. He can bring his action as soon as he can prove the passing-off, because it is one of the class of cases in which the law presumes that the plaintiff has suffered damage. It is in fact, I think, in the same category in this respect as is an action for libel. We know that for written defamation a plaintiff need prove no damage. He proves his defamation. So it is with a trader. The law has always been particularly tender to the reputation and goodwill of traders. If a trader is slandered in the way of his business, an action lies without proof of damage. That does not mean to say that the plaintiff cannot give evidence showing that he has suffered damage in fact. The more he can show that he has suffered damage in fact, the larger the damages he can recover. The more the defendant can show that he has suffered no damage in fact, the less he will recover. In the case of a libel published to a person who knew the true facts, and to him only, although the plaintiff would have a cause of

> action, the damages would necessarily be very small. In the case of a libel published in a newspaper with a large circulation, the damages would naturally be larger.

On the question of damages, Abdul Malek Ahmad J (as he then was) in *Tee Yih Jia Food Manufacturing Pte Ltd v Seet Chuan Seng & Anor* [1993] 2 CLJ 355 at p 359, quoted Goddard LJ in *Draper v Trist & Ors*:

> ... It is manifest that if the plaintiff, before he could recover damages, had to show that, in the case of each sale, the purchaser was deceived — because it is on the assumption that purchasers are deceived that the plaintiff's damages are based — then his task, save in very exceptional circumstances, would be a quite impossible one. On the other hand, it is equally true to say that to impose upon a defendant the task of showing that the purchasers were not deceived would be an equally impossible one. It follows, therefore, that actual damage need not be proved in a passing-off action.

It is the case of the defendants that proof of actual damage is a necessary ingredient at trial and that only in the case of an interim application for a quia timet injunction would the likelihood of damage suffice. The defendants relied on the advocate case, *Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd* [1979] AC 731 where at p 742 Lord Diplock identified the ingredients required to sustain an action for passing off as:

(1) a misrepresentation,

(2) made by a trader in the course of trade,

(3) to prospective customers of his or ultimate consumers of goods or services supplied by him,

(4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence), and

(5) *which causes actual damage* to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

However, in the same case Lord Fraser LJ said at p 742 that in order to establish passing off the plaintiff must prove 'that he has suffered damage or *is likely to suffer substantial damage*'. In *Compagnie Generale Des Eaux*, I had said in relation to proof of damage:

> ... in a passing off action, a plaintiff does not have to prove actual damage in order to succeed. Likelihood of damage is sufficient. One of the ways in which a business reputation may be injured is by the appropriation of that reputation or part of it by a third party.

It is clear therefore that the plaintiffs do not have to prove actual damages. The very likelihood of damage is sufficient. One of the ways in which the goodwill of a business or its reputation is injured is by way of appropriation by another person of the plaintiffs' goodwill and reputation. Such

A appropriation can occur in many ways. It can also include the adoption of a name similar to that of the plaintiffs'. The use by the defendants of the trade mark 'Stopcar' which is very similar to that of the plaintiffs' 'Stopcard' trade mark is in my judgment an appropriation of Stopcard's goodwill. There is also a likelihood of damage to the plaintiffs' reputation if the defendants' product has any shortcomings which said shortcomings will be B attributed to the plaintiffs, due to the confusion ensuing out of the similarity of the trade marks. In any event, actual damage has been shown. Having read all the submissions and all the cases cited by all the parties, I find for the plaintiffs and make the following orders:

C (1) As against the first defendant:

(i) Specific performance of the confidentiality agreement dated 3 April 95.

(ii) An injunction to restrain them whether acting by their directors, officers, servants or agents or any of them or otherwise howsoever from divulging, using or in any way dealing with the technical D information specifications and any other information including any updates improvements and amendments received and obtained from Stopcard Malaysia whether or not relevant to the licensed article and/or operating system as a result of discussions leading up to or entering into the confidentiality agreement E dated 3 April 1995 and thereafter and whether written oral or visual and all analysis compilation prepared and conducted by Mejati of its officers employees agents.

(2) As against the second defendant:

(i) An injunction to restrain Herbert Lai from:

F (a) breaching his fiduciary duties owing to Stopcard Malaysia.

(b) divulging, disclosing or using confidential information/ trade secrets and/or any information obtained in the course of his directorship.

(c) obtaining a business advantage belonging to Stopcard G Malaysia and for which he had been negotiating on behalf of Stopcard Malaysia.

(d) allowing any personal interest to conflict with the interest of Stopcard Malaysia.

(e) competing with Stopcard Malaysia.

H (f) acting in a manner inconsistent with his duty to act loyally and in good faith towards Stopcard Malaysia.

(g) putting himself in a position giving rise to conflict of interest with Stopcard Malaysia by putting his own interests above that of Stopcard Malaysia.

I (3) As against all the defendants:

(i) a declaration that Stopcard Australia and Electro Cad are the owners of the confidential information and/or trade secrets as

set out respectively in Sch 1 under the sub-heading 'Information belonging to Stopcard Australia' and 'Information belonging to Electro Cad.

(ii) a declaration that Stopcard Malaysia is the owner of the confidential information and/or trade secrets set out in Sch 3.

(iii) a declaration that Stopcard Malaysia is the owner whether solely and/or jointly with Stopcard Australia of the goodwill in the tradename 'Stopcard' in Malaysia.

(iv) an injunction to restrain the defendants whether acting by their directors, officers, servants or agents or any of them or otherwise howsoever from doing the following acts or any of them that is to say:

(a) manufacturing, distributing, selling or in any way dealing with their product 'Stopcar' which possesses features identical or similar to that of the plaintiffs' product 'Stopcard' as described herein:

(i) A system to stop a vehicle being driven by an unauthorized driver by means of radio signal which commands the control means, which is essentially a locking and/or unlocking device directly related to one of the necessary functions for continuing to drive the car, to lock the said necessary function required for the continued movement of the car rendering the vehicle immobilised. The immobilisation of the vehicle will be over a period of time enabling the car to stop slowly. The receipt of the radio signal by the control means further activates the hazard lights in the vehicle as well as the internal and external alarms. The radio signal is transmitted on a paging network and received by a device in the licensed article which decodes the signal, compares digits with its internal memory and if the digits are the same, examines the final digit to ascertain its instructions and in turn carries out the said instructions.

(ii) A system which enables a single pager service to access unlimited pagers. This system enables an unlimited number of licensed articles to be operated on the same 'capcode' on pager telephone number.

(iii) A system whereby certain secret procedures known only to the authorized user have to be followed upon ignition of the vehicle for the continued running of the vehicle. Failure to perform such procedure will result in the activation of the locking device, hazard lights and alarms thereby rendering the vehicle immobilised.

(b) passing off or attempting to pass off the defendants' products as that of the plaintiffs'.

(c) printing or employing the word 'Stopcar' or any other words comprising the word 'Stopcar' upon any advertisement, notice, signboard, fascia, paper, stationery, memorandum or document or otherwise as part of or in connection with the defendants' product or any other security project.

(d) disclosing, copying, communicating, publishing or in any way whatsoever using the information contained in Appendices 1 to 3 to the statement of claim.

(e) parting with power, possession, custody or control or otherwise then to the plaintiffs or its solicitors the said information or any articles or materials containing the said information.

(f) issuing or publishing any catalogue, trade calling cards, advertisements by use of the word 'Stopcar' or words encompassing the word 'Stopcar' in connection with the defendants' product or any other security product.

(g) converting or constructively converting and/or dealing with the said information specified in Appendices 1 and 2 in a manner inconsistent with the plaintiffs' rights amounting to the denial of the plaintiffs' title therein.

(v) the following orders:

(a) the delivery up or destruction upon oath of all notices, letters, papers, stationery, memorandum, invoices, catalogues, labels, circulars, showcards, trade calling cards or documents or other matter in the possession of the defendants or under their control bearing the word 'Stopcar' or comprising the word 'Stopcar' and all disc, stamps in the possession or under the control of the defendants from the printing or reproduction of the word 'Stopcar' or words comprising the word 'Stopcar'.

(b) delivery up upon oath to the plaintiffs all copies of documents in whatever form in the defendants' possession, power and control containing and/or relating to the information contained in Schs 1–3 to the statement of claim.

(c) delivery up upon oath by the defendants of all materials in whatever form in the possession, power or control of the defendants that contain and/or relate in any way to the said information contained in Schs 1–3 and/or to the product.

(vi) damages in respect of all or any of the causes of action pleaded in paras 27–46 and giving of accounts of profits to be assessed by the deputy registrar.

(vii) interest.

(viiii) costs.

The plaintiffs have thus safely brought their six sails to port.

Claim allowed.

Reported by Loo Lai Mee